UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/749
2 December 1994

ORIGINAL: ENGLISH

Forty-ninth session
Agenda item 43

RESTRUCTURING AND REVITALIZATION OF THE UNITED NATIONS IN THE ECONOMIC, SOCIAL AND RELATED FIELDS

Letter dated 1 December 1994 from the Deputy Permanent Representative of India to the United Nations addressed to the Secretary-General

I have the honour to forward herewith the Chairman's summary (in two parts) of the consultations on prospective new modalities for financing (see annexes I and II).

I shall be grateful if the summary is circulated as an official document of the General Assembly under agenda item 43.

(Signed) T. P. SREENIVASAN
Ambassador and
Deputy Permanent Representative
Chairman,
Consultations on Funding for
Operational Activities for Development

ANNEX I

Chairman's summary of consultations on funding of operational activities for development

Part one

1. The President of the General Assembly convened the consultations on prospective new modalities for financing at a resumed session of the General Assembly on 21 June. A Vice-President of the General Assembly made a statement on behalf of the President. Following consultations by the President, Ambassador T. P. Sreenivasan (India) was chosen as Chairman.

2. The Chairman made an introductory statement with emphasized that the consultations were part of an overall reform process and that the issue of funding resources would require the sustained attention of Member States. He also referred to the general context of official development assistance (ODA) which remains less than satisfactory given the well-defined needs of developing countries. He expressed the hope that a common ground could be found on which to lay a firm and lasting foundation for the operational activities for development.

3. The Under-Secretary-General for Policy Coordination and Sustainable Development introduced a report of the Secretary-General (A/48/940). In doing so, he stressed that the resource situation of the operational activities within the United Nations system remained difficult and required effective and urgent attention. He referred to the need for a new partnership between Member States in providing a more secure and stable basis on funding of operational activities.

4. It was agreed to reconvene the consultations during the substantive session of the Economic and Social Council following informal contacts by the Chairman. Consultations thus resumed on 11 July.

5. The report of the Secretary-General was welcomed as a basis for the consultations. At the same time, it was pointed out that the report would have benefited from a presentation of tentative scenarios on funding options. In this connection, it was recalled that the report, in paragraph 63, indicated that Member States needed to provide further guidance on the options that might be pursued and that the Secretary-General would be prepared to explore the question with Member States.

6. Delegations supported the views expressed in the report that the level of resources made available was a reflection of political choices made by Member States. The reversal of the current resource situation thus went beyond the reform of funding mechanisms. A suggestion was made to analyse the factors contributing to the current decline in resources within the United Nations system.

7. There was a widely shared concern with the decline in resources to the funds and programmes of the United Nations. It was noted that ODA stood at less

than half of the target of 0.70 per cent set by the General Assembly in 1970. Reference was made to the analysis provided in the report about the weaknesses of the current system, including the issue of burden sharing and vulnerability owing to the over-reliance on a few major donors for the bulk of resources. In this context, reference was also made to the increasing support from developing countries, including through cost sharing. It was noted that recent reforms of governance were, inter alia, aimed at a substantial increase in resources for operational activities through a new funding system and mechanisms; the increase of resources is a concern that dates back to at least 1977 and General Assembly resolution 32/197 of 20 December 1977.

8. Within this context, it was also noted that the demand for support in the area of operational activities has increased, including from countries in transition. Moreover, peace-keeping and humanitarian assistance placed increasing demands on resources provided by Member States. This situation required a particular focus on the efficiency and effectiveness of operational activities which could also act as an incentive for countries to contribute. Particular attention should be given to maximizing the use of resources for programmes and to achieve optimum results at the country level.

9. The issue of resource levels was considered to require a wider context than was provided by General Assembly resolution 48/162 of 20 December 1993 if the goal of predictable and assured resources was to be attained. This did not mean reopening issues related to governance, but would in addition to factors relevant for a new funding mechanism, as identified in resolution 48/162, also require consideration of a range of factors affecting levels of resources.

10. Some views were also expressed on the need to maximize resources for programmes and to minimize administrative costs. Reference was also made to the rapid increase of supplementary funding or cost sharing.

11. It was acknowledged that there was a shared interest between the recipient and donor countries in the context of development assistance. Apart from contributing to general prosperity of the world, the donor countries received returns from development cooperation through experts and other services.

12. There was also broad interest in the recommendations contained in the Secretary-General's report concerning exchange rate fluctuations and a system of three-year resource targets. Further clarification of these two recommendations would be needed.

13. It was agreed that the process of consultations would involve a number of meetings that would be scheduled within the framework of the forty-ninth session of the General Assembly which should lead to concrete results as soon as possible, but not later than June 1995. In accordance with resolution 48/162, the process should aim at identification of a funding system and mechanisms that would generate substantial increases in resources on a predictable, continued and assured basis. The fundamental characteristics of the operational activities contained in General Assembly resolutions 44/211 of 22 December 1989, 47/199 of 22 December 1992 and 48/162 of 20 December 1993 were reaffirmed. In order to facilitate this process, the Secretary-General would be requested to provide an assessment of preferred options based on additional guidance provided

by Member States. It was further agreed that the progress made on institutional reforms under resolution 48/162 would not be reopened during the consultations relating to funding.

14. The Secretariat provided answers to a number of questions raised by delegations. In doing so, reference was made to the collaborative effort in preparing the report of the Secretary-General which included funds and programmes. Information was provided on the functioning of the United Nations Pledging Conference, the concept of a "floor" and the purpose of establishing resources targets for a three-year period, the penalty system applied to assessed contributions in accordance with Article 19 of the Charter of the United Nations, the relationship of negotiated pledges to voluntary contributions and the likely impact of Special Drawing Rights. Additional clarifications were provided by funds and programmes on questions specifically addressed to them.

15. The issue of administrative and programme support costs was raised by a number of delegations and it was agreed that relevant information would be provided by the funds and programmes. Reference was also made to the figures recently issued by the Organisation for Economic Cooperation and Development (OECD) for 1993 which showed a decline of ODA both in percentage and absolute terms between 1992 and 1993.

16. It was agreed that the next formal consultations would be scheduled in October subject to a decision by the General Assembly to extend the consultation process at its forty-ninth session. It was also agreed that the focus of the next consultations would be financing needs, including the level of resources of the operational activities for development within the United Nations system. An effort would also be made to establish a timetable for the entire process with a tentative list of topics to be considered with a view to achieving results in accordance with resolution 48/162.

ANNEX II

Chairman's summary of consultations on funding of operational activities for development

Part two

1. The President of the General Assembly, at its forty-eighth session, by a statement on 19 September 1994, under agenda item 56 on the restructuring and revitalization of the United Nations in the economic, social and related fields, provided an overview on the status of the negotiations on prospective new modalities in accordance with annex I to Assembly resolution 48/162 of 20 December 1993.

2. The General Assembly then decided to extend the consultation process relating to paragraphs 31 to 34 of annex I to resolution 48/162 to the forty-ninth session of the Assembly and consultations were convened on 26 October 1994 on prospective new modalities for funding of operational activities for development. Ambassador T. P. Sreenivasan (India) chaired the consultations. The chairman's summary of the previous consultations held on 21 June and 11 July were distributed, and constitutes an integral part of the present summary (see annex I).

3. The critical nature of the consultations was stressed. It was pointed out that not only did the United Nations face serious financial difficulties in the areas of peace-keeping and the regular programme budget, but the operational activities for development were also beset by significant resource shortfalls. The importance of maintaining the fundamental principles of neutrality, multilateralism and the voluntary nature of contributions of the operational activities for development within the United Nations system was reiterated. The general view was that the funding of the operational activities had to be placed on a secure and predictable basis, and that there was an urgency to the question.

4. In accordance with the decision taken during the consultations on 11 July 1994, it was agreed that the Secretary-General should be requested to provide a supplementary report on resource targets for operational activities for the next three years, taking into account the needs of the developing countries, the advantages of multilateralism, the orientation, focus and specific priorities of the United Nations operational activities for development, the level of financing of the programmes and funds over the past years, the decisions made by the Executive Boards of the funds and programmes, the mandates from conferences and summits, and the projection of available funding and its implications for the capacity of the United Nations system for the implementation of programmes. The resources to be earmarked for administrative costs and programmes may be indicated separately. The focus should be on core resources, but availability of non-core resources should also be taken into account.

5. It was also agreed that, in accordance with annex I, paragraph 33, of General Assembly resolution 48/162, the Secretary-General should be requested to

include in his supplementary report a number of funding options for a changed and improved funding system that would generate substantial increase in resources on a predictable, continued and assured basis. These options should take into account the previous experience of funding of United Nations activities linked to resource targets and the need for all participating countries to demonstrate their political will, responsibility and real commitment to the programmes and funds.

6. It was agreed that the consultations would be reconvened in December 1994 after receiving the supplementary report of the Secretary-General.